



South Carolina State University

Schedule of Expenditures of Federal Awards
and Reports Required by *Government
Auditing Standards* and OMB Circular A-133
Year Ended June 30, 2013

South Carolina State University

Schedule of Expenditures of Federal Awards and Reports Required by
Government Auditing Standards and OMB Circular A-133
Year Ended June 30, 2013

South Carolina State University

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
South Carolina State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Carolina State University (the "University"), which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002, 2013-003, 2013-004, 2013-005, 2013-006, 2013-007, 2013-008, and 2013-009, that we consider to be significant deficiencies.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to Findings

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

October 30, 2013



Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The Board of Trustees
South Carolina State University

Report on Compliance for Each Major Federal Program

We have audited South Carolina State University's (the "University") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Basis for Qualified Opinion on the Payments to 1890 Land-Grant Colleges and Tuskegee Program

As described in item 2013-020 in the accompanying schedule of findings and questioned costs, the University did not comply with Cash Management compliance requirements regarding the CFDA 10.205 Payments to 1890 Land-Grant Colleges and Tuskegee University program. Compliance with such requirements is necessary, in our opinion, for the University to comply with the requirements applicable to that program.



Qualified Opinion on the Payments to 1890 Land-Grant Colleges and Tuskegee Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 1890 Land-Grant Colleges and Tuskegee for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-010, 2013-011, 2013-012, 2013-013, 2013-014, 2013-016, 2013-17, 2013-18, and 2013-19. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing



their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-18 and 2013-20 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-013, 2013-015, 2013-016, 2013-017, and 2013-19 to be significant deficiencies.

The University's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the University as of and for the year ended June 30, 2013, and have issued our report thereon dated October 30, 2013, which contained an adverse opinion on the aggregate discretely presented component units and an unmodified opinion on the financial statements of the University. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the University's financial statements as a whole.

BDO USA, LLP

March 31, 2014

South Carolina State University

Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research and Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
EXPENDITURES OF FEDERAL AWARDS:					
U.S. Department of Agriculture					
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ -	\$ -	\$ 62,525	\$ 62,525
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	2,501,166	1,778,470	4,279,636
Pass-through from State Agency:					
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	109	-	109
Pass-through to subrecipients:					
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	66,500	-	66,500
Total Payments to 1890 Land-Grant Colleges and Tuskegee University		-	2,567,775	1,778,470	4,346,245
1890 Institution Capacity Building Grants	10.216	-	120,064	161,701	281,765
Pass-through to subrecipient:					
1890 Institution Capacity Building Grants	10.216	-	46,041	-	46,041
Total 1890 Institution Capacity Building Grants		-	166,105	161,701	327,806
Higher Education Multicultural Scholars Program	10.220	-	-	18,000	18,000
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	-	-	39,653	39,653
Cooperative Extension Service	10.500	-	-	178,982	178,982
Pass-through from South Carolina Department of Education:					
National School Lunch Program	10.555	-	-	49,974	49,974
Total Child Nutrition Cluster		-	-	49,974	49,974
Rural Development, Forestry, and Communities	10.672	-	-	1,856	1,856
1890 Land Grant Institutions Rural Entrepreneurial Outreach Program	10.856	-	-	54,803	54,803
Soil and Water Conservation	10.902	-	-	28,947	28,947
Wildlife Habitat Incentive Program	10.914	-	-	15,595	15,595
Total U.S. Department of Agriculture		-	2,733,880	2,327,981	5,061,861
U.S. Department of Housing and Urban Development					
Historically Black Colleges and Universities Program	14.520	-	-	61,698	61,698
Pass-through to subrecipient:					
Historically Black Colleges and Universities Program	14.520	-	-	153,000	153,000
Total Historically Black Colleges and Universities Program		-	-	214,698	214,698
Total U.S. Department of Housing and Urban Development		-	-	214,698	214,698
U.S. Department of Transportation					
Pass-through from State Agency:					
Highway Planning and Construction	20.205	-	-	12,436	12,436
Total Highway Planning and Construction Cluster		-	-	12,436	12,436
Highway Training and Education	20.215	-	-	36,678	36,678
Total U.S. Department of Transportation		-	-	49,114	49,114
National Aeronautics and Space Administration					
Pass-through from State Agency:					
NASA Space Grant Consortium	43.xxx	-	641	-	641
Science	43.001	-	16,818	-	16,818
Science	43.001	-	4,045	-	4,045
Pass-through to subrecipient:					
Science	43.001	-	4,988	-	4,988
Total Science		-	25,851	-	25,851
Pass-through from State Agency:					
Education	43.008	-	36,051	-	36,051
Total National Aeronautics and Space Administration		-	62,543	-	62,543
National Science Foundation					
Mathematical and Physical Sciences	47.049	-	292,248	-	292,248
Pass-through to subrecipient:					
Mathematical and Physical Sciences	47.049	-	61,836	-	61,836
Total Mathematical and Physical Sciences		-	354,084	-	354,084
Biological Sciences	47.074	-	283	-	283
Education and Human Resources	47.076	-	126,361	71,502	197,863
Pass-through to subrecipients:					
Education and Human Resources	47.076	-	429,408	-	429,408
Total Education and Human Resources		-	555,769	71,502	627,271
Pass-through from Clemson University:					
Office of Cyberinfrastructure	47.080	-	954	-	954
Pass-through from South Carolina Research Authority:					
Office of Experimental Program to Stimulate Competitive Research	47.081	-	316,296	6,965	323,261
Total National Science Foundation		\$ -	\$ 1,227,386	\$ 78,467	\$ 1,305,853

South Carolina State University

Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research and Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
Small Business Administration					
Pass-through from University of South Carolina:					
Small Business Development Center	59.037	\$ -	\$ -	\$ 24,392	\$ 24,392
Total National Endowment for the Arts		-	-	24,392	24,392
Nuclear Regulatory Commission					
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	(290)	(290)
Pass-through from State Agency:					
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	91	91
Total U. S. Nuclear Regulatory Commission Nuclear Education Grant Program		-	-	(199)	(199)
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	72,429	72,429
Pass-through from State Agency:					
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	50,505	50,505
Total U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program		-	-	122,934	122,934
Total Nuclear Regulatory Commission		-	-	122,735	122,735
U. S. Department of Energy					
Office of Science Financial Assistance Program	81.049	-	1,012,833	-	1,012,833
Pass-through to subrecipients:					
Office of Science Financial Assistance Program	81.049	-	502,949	5,000	507,949
Total Office of Science Financial Assistance Program		-	1,515,782	5,000	1,520,782
Office of Environmental Waste Processing	81.104	-	135	912,400	912,535
Pass-through to subrecipient:					
Office of Environmental Waste Processing	81.104	-	-	70,338	70,338
Total Office of Environmental Waste Processing		-	135	982,738	982,873
University Nuclear Science and Reactor Support	81.114	-	32,635	14	32,649
Pass-through to subrecipient:					
University Nuclear Science and Reactor Support	81.114	-	(560)	-	(560)
Pass-through from State Agency:					
University Nuclear Science and Reactor Support	81.114	-	-	1,407	1,407
Total University Nuclear Science and Reactor Support		-	32,075	1,421	33,496
Pass-through from University of Tennessee:					
Nuclear Energy Research, Development and Demonstration	81.121	-	-	1,133	1,133
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214	-	224,988	-	224,988
Pass-through to subrecipients:					
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	81.214	-	7,645	-	7,645
Total Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis		-	232,633	-	232,633
Total U.S. Department of Energy		-	1,780,625	990,292	2,770,917
U. S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007	707,501	-	-	707,501
Pass-through from South Carolina Coalition for Mathematics and Science:					
Title I Grants to Local Educational Agencies	84.010	-	-	3,167	3,167
Total Title I, Part A Cluster		-	-	3,167	3,167
Pass-through from Medical University of South Carolina:					
Special Education Grants to States	84.027	-	-	89,272	89,272
Total Special Education Cluster		-	-	89,272	89,272
Higher Education_Institutional Aid	84.031	-	41,907	5,265,860	5,307,767
Pass-through to subrecipients:					
Higher Education_Institutional Aid	84.031	-	11,775	4,500	16,275
Total Higher Education_Institutional Aid		-	53,682	5,270,360	5,324,042
Federal Work-Study Program	84.033	386,753	-	-	386,753
Federal Perkins Loan Program	84.038	1,976,858	-	-	1,976,858
TRIO Student Support Services	84.042	-	-	222,100	222,100
TRIO Talent Search	84.044	-	-	191,641	191,641
TRIO Upward Bound	84.047	-	-	254,688	254,688
TRIO Educational Opportunity Centers	84.066	-	-	215,189	215,189
Total TRIO Cluster		-	-	883,618	883,618
Federal Pell Grant Program	84.063	10,795,365	-	-	10,795,365
Rehabilitation Long-Term Training	84.129	-	-	779,079	779,079
Federal Direct Loan Program	84.268	35,140,279	-	-	35,140,279
Pass-through from State Agency:					
Twenty-First Century Community Learning Centers	84.287	-	-	159,725	159,725
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	\$ -	\$ -	\$ 198,415	\$ 198,415

South Carolina State University

Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Student Financial Assistance Cluster</i>	<i>Research and Development Cluster</i>	<i>Other</i>	<i>Total Expenditures</i>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	\$ -	\$ -	\$ 380,857	\$ 380,857
Pass-through from South Carolina Department of Education:					
Improving Teacher Quality State Grants	84.367	-	-	6,961	6,961
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	-	-	18,000	18,000
Strengthening Minority-Serving Institutions	84.382	-	381,329	-	381,329
Total U.S. Department of Education		49,006,756	435,011	7,789,454	57,231,221
U.S. Department of Health and Human Services					
Minority Health and Health Disparities Research	93.307	-	2,534	-	2,534
Pass-through from Medical University of South Carolina:					
National Center for Research Resources	93.389	-	-	125,756	125,756
Nurse Education, Practice and Retention Grants	93.359	-	-	(148)	(148)
Cancer Centers Support Grants	93.397	-	-	91,024	91,024
Pass-through from State Agency:					
Cancer Research Manpower	93.398	-	24,771	-	24,771
Pass-through from Central State University:					
Family and Community Violence Prevention Program	93.910	-	16	-	16
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care					
Provider Quality Improvement Program	93.912	-	-	20	20
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	-	-	(500)	(500)
Pass-through from State Agency:					
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	-	-	(4,069)	(4,069)
Total U.S. Department of Health and Human Services		-	27,321	212,083	239,404
Agency for International Development					
USAID Foreign Assistance for Programs Overseas	98.001	-	932,517	(956)	931,561
Pass-through to subrecipient:					
USAID Foreign Assistance for Programs Overseas	98.001	-	1,800	-	1,800
Total USAID Foreign Assistance for Programs Overseas		-	934,317	(956)	933,361
Pass-through from American Council on Education:					
USAID Development for University Cooperation and Development	98.012	-	76,904	-	76,904
Pass-through to subrecipient:					
USAID Development for University Cooperation and Development	98.012	-	23,125	-	23,125
Total USAID Development for University Cooperation and Development		-	100,029	-	100,029
Total Agency for International Development		-	1,034,346	(956)	1,033,390
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 49,006,756	\$ 7,301,112	\$ 11,870,785	\$ 68,178,653

See accompanying notes to the schedule of expenditures of federal awards.

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") summarizes the expenditures incurred under all federal awards received by South Carolina State University (the "University") for the year ended June 30, 2013, and has been prepared using the modified accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the statement of net position, statement of revenues, expenses, and changes in net position, or cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government or subawards. The information in the Schedule is presented in accordance with the provisions of the Office of Management and Budget (the "OMB") Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for programs of the student financial assistance cluster include the federal portion of students' Federal Supplemental Educational Opportunity Grants ("FSEOG") and Federal Work Study ("FWS") program grants, certain other federal financial aid for students, and administrative cost allowances, where applicable.

3. Federal Perkins Loan Program

The Federal Perkins Loan Program is administered directly by the University and balances and transactions are included in of the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan Program was \$1,933,125 as of June 30, 2013. The University disbursed \$169,000 under the Federal Perkins Loan Program for the year ended June 30, 2013.

4. Federal Direct Student Loan Program

During the fiscal year ended June 30, 2013, the University processed \$35,140,279 of new loans under the Federal Direct Student Loan Program. The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included on the University's financial statements; furthermore, it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs at June 30, 2013.

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

5. Subrecipients

Of the federal expenditures presented in this schedule, the University provided federal awards to subrecipients as follows:

Program	Subrecipient Name	CFDA Number	Award Provided To Recipient
Payments to 1890 Land-Grant Colleges and Tuskegee University	Cohen, Leon	10.205	\$ 12,000
Payments to 1890 Land-Grant Colleges and Tuskegee University	Diabetes Control Center	10.205	12,000
Payments to 1890 Land-Grant Colleges and Tuskegee University	Pair, Alvin	10.205	2,500
Payments to 1890 Land-Grant Colleges and Tuskegee University	Savannah River Nuclear Solutions LL	10.205	40,000
1890 Institution Capacity Building Grants	Texas A&M University	10.216	46,041
Historically Black Colleges and Universities Program	Northeastern Corridor of Orangeburg	14.520	153,000
Science	Western Kentucky University	43.001	4,988
Mathematical and Physical Sciences	Clemson University	47.049	61,836
Education and Human Resources	Allen University	47.076	1,040
Education and Human Resources	Benedict College	47.076	94,902
Education and Human Resources	Claflin University	47.076	29,699
Education and Human Resources	Clemson University	47.076	98,239
Education and Human Resources	College of Charleston	47.076	44,726
Education and Human Resources	Midland Technical College	47.076	20,622
Education and Human Resources	Morris College	47.076	17,410
Education and Human Resources	Orangeburg Calhoun Technical	47.076	4,500
Education and Human Resources	University of South Carolina	47.076	109,401
Education and Human Resources	Voorhees College	47.076	8,869
Office of Science Financial Assistance Program	C.E. McKenzie & Associates	81.049	11,548
Office of Science Financial Assistance Program	Clemson University	81.049	20,512
Office of Science Financial Assistance Program	Medical University of South Carolina	81.049	413,506
Office of Science Financial Assistance Program	Sheadrick A. Tillman, IV	81.049	14,000
Office of Science Financial Assistance Program	University of Massachusetts	81.049	48,383

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Program	Subrecipient Name	CFDA Number	Award Provided To Recipient
Office of Environmental Waste Processing	Savannah River Nuclear LL	81.104	70,338
University Nuclear Science and Reactor Support	Boart Longyear	81.114	(560)
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt, Emergency Response Research, Outreach, Technical Analysis	Boart Longyear	81.214	5,770
Environmental Monitoring/Cleanup, Cultural and Resource Mgmt, Emergency Response Research, Outreach, Technical Analysis	Shealy Environmental Services, Inc.	81.214	1,875
Higher Education_Institutional Aid	Findlay, Henry	84.031	2,000
Higher Education_Institutional Aid	Infoed Inc.	84.031	11,775
Higher Education_Institutional Aid	University of North Carolina	84.031	2,500
USAID Foreign Assistance for Programs Overseas	B&A Enterprise, LLC	98.001	1,800
USAID Development for University Cooperation and Development	Ngozi University	98.012	23,125
Total awards to subrecipients			\$ 1,388,345

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued:

Adverse Opinion:

Aggregate Discretely Presented Component Units of South Carolina State University

Unmodified Opinion:

South Carolina State University

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified ☒ Yes ☐ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards Section

Internal control over major programs:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified ☒ Yes ☐ None reported

Type of auditor's report issued on compliance for major programs:

Modified:

Payments to 1890 Land-Grant Colleges and Tuskegee University

Unmodified:

Environment Remediation and Waste Processing and Disposal

Research & Development Cluster

Student Financial Assistance Cluster

Title III Strengthening Historically Black Colleges and Universities Program

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section .510(a)?

☒ Yes ☐ No

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Identification of major programs:

<u>CFDA number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.205	Payments to 1890 Land-Grant Colleges and Tuskegee University
81.104	Environment Remediation and Waste Processing and Disposal
Various	Research & Development Cluster
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Assistance Cluster
84.031	Title III Strengthening Historically Black Colleges and Universities Program
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$931,854</u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> x </u> No

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Part II—Financial Statement Audit Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

FINDING 2013-001

Criteria or specific requirement: A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control associated with the University's vendor list within Banner (the "Vendor List").

Context: The Vendor List represents the list of employees, students, third parties and other parties (collectively, the "Vendors") that Banner recognizes as approved Vendors and thus allows purchase orders and payments to be processed for each of the Vendors. During our procedures over the University's procurement process, we noted that the University did not appear to have formal internal controls over the Vendor List.

Effect: We noted that there were approximately 19,550 vendors that were included on the Vendor List as of June 30, 2013.

Cause: Administrative oversight.

Recommendation: To assist the University in managing the Vendor List, to ensure that all Vendors properly exist, to ensure that the Vendors do not create any conflict of interest with the University, and to ensure that the Vendors are not federally excluded parties, we recommend that the University enhances its internal controls over the Vendor List.

Additionally, to reduce the number of Vendors to a more manageable number, we recommend that the University conducts a comprehensive review of the Vendor Listing to delete any duplicative vendors, vendors that are not expected to be used going forward, any vendors that management may not recognize any more due to passage of time, any vendors that may create conflicts of interest, any vendors that may

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have been subsequently added to the federally excluded parties listing and any other vendors that appear to be not needed. At the conclusion of this comprehensive review, we recommend that it is circulated for approval by the appropriate University officials.

Views of responsible officials and planned corrective actions:

University IT will work with the appropriate University officials to develop a vendor purge/inactive procedure to reduce the number of active vendors.

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FINDING 2013-002

Criteria or specific requirement:	<i>A deficiency in internal control</i> exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A <i>significant deficiency</i> is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Condition:	Through our audit procedures over the University's 2013 financial statements, which included inquiries of the University's Office of the Internal Audit, we noted a significant deficiency in internal control associated with the South Carolina State University Advancement Foundation (the "Advancement Foundation") and the South Carolina State University Research and Development Foundation (the "R&D Foundation", together with the Advancement Foundation, the "Foundations").
Context:	The Advancement Foundation did not have 2013 financial statements readily available. Additionally, the University did not have formal controls in place to ensure that newly created component units are properly communicated to the Controller's Office to ensure that they are properly presented within the University's financial statements.
Effect:	The Advancement Foundation was not discretely presented in the University's 2013 financial statements as required by required by Government Accounting Standards Board Section 2600, <i>Reporting Entity and Component Unit Presentation</i> ("GASB Section 2600"). Additionally, though the R&D Foundation was created in fiscal year 2005, it was not properly communicated to the Controller's Office until fiscal year 2013. During fiscal year 2013, the R&D Foundation initiated certain federal transactions which involved the University without the proper authorization from the University. Though these transactions were detected by the University and terminated, the University was exposed to certain unnecessary compliance risk, especially since these transactions included federal funds.
Cause:	The Advancement Foundation did not comply with the University's requests for 2013 financial statements. Additionally, the University did not have formal internal controls in place to ensure that component units such as the R&D Cluster are properly communicated to the Controller's Office upon formation.

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Recommendation:

We recommend that the University works closely with the Advancement Foundation to ensure that the Advancement Foundation's financial statements are prepared and provided the University in a more timely fashion. We also recommend that the University design and implement internal controls to ensure the creation of component units are communicated to the Controller's Office in a timely manner. Additionally, we recommend that the University enhance its internal controls surrounding transactions with affiliated foundations as well as the monitoring of its affiliated foundations to minimize its exposure to compliance risk.

Views of responsible officials and planned corrective actions:

The University President and the Chairman of the Board already communicated with the Board of Advancement Foundation. The Advancement Foundation has indicated that upon receipt of resources from the University, it will present discreet statements to the University. Until such time, the Advancement Foundation has determined that the development and presentation of discreet statement on an annual basis is not cost effective.

The future formation of component units of the University is a contractual event, which subsequent to the establishment of the "Policy on the Authority to Sign Contracts and Contract Routing and Approval Form" on April 18, 2013, must be approved by the Vice-President of Finance in addition to other University officials. In as much as the Controller's Office is a direct reporting entity to the VP of Finance, there is assurance that the future creation of component units will be timely communicated to the VP of Finance as well as his/her direct reports, which include the Controller's Office. The R&D Foundation was dissolved on or about August 22, 2013. The governing boards of the remaining affiliated foundations have at least one University employee or Board of Trustee member as part of its governing body. This presence should ensure the University is adequately monitoring the activities of its affiliated foundations.

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FINDING 2013-003

Criteria or specific requirement:	<i>A deficiency in internal control</i> exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A <i>significant deficiency</i> is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Condition:	Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control associated with compensated absences payable.
Context:	During our procedures over compensated absences payable, we noted that the University had internal controls in place for the recognition of leave taken and reported by eligible employees. However, during these procedures we did not note a formal internal control in place to prevent or detect leave taken but not reported.
Effect:	Of the approximately 420 eligible compensated absences employees at June 30, 2012, we noted that the University had recorded the maximum amount of compensated absences payable for approximately 40% of these employees. Additionally, out of the 168 employees that had the maximum amount of compensated absences payable at June 30, 2013, 19 employees did not have any vacation that was taken and recorded during the year ended June 30, 2013.
Cause:	Insufficient internal controls and administrative oversight.
Recommendation:	To assist with the accuracy of the compensated absences payable, we recommend that the University design and implement an internal control that would prevent or detect leave taken by eligible employees but not reported.
Views of responsible officials and planned corrective actions:	The Human Resource Director sent a personalized email to all eligible employees concerning the University's Leave Policy. The leave directive reminded employees that managers and supervisors are expected to administer the leave policies in accordance with South Carolina law. In addition, they were told that all leave request forms must be submitted to HR within two days of the approved request. Employees who are not at their worksite (unless on official University business) during their regular working hours must submit a leave request form.

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Employees were also reminded that "Falsification of attendance or leave records shall be cause for disciplinary action up to and including termination". The HR Staff will monitor the leave reports closely and send out quarterly reminders to departments with no leave recorded.

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FINDING 2013-004

Criteria or specific requirement:	<i>A deficiency in internal control</i> exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A <i>significant deficiency</i> is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Condition:	Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control over grants and contracts accounts.
Context:	The University did not have formal monthly internal controls over its grants and contracts revenue, receivable and unearned revenue accounts.
Effect:	The year end close of grants and contracts accounts were closed approximately 5 weeks after all other accounts were closed and resulted in significant post-closing adjustments that were recorded by the University to write off certain overstated state appropriations that had been previously recognized by the University as well as post-closing adjustments to properly state grants receivable and unearned revenue at June 30, 2013.
Cause:	Insufficient internal controls and administrative oversight.
Recommendation:	We recommend that management enhances its procedures as well as its internal controls over state appropriations to prevent the duplicative recognition of such revenues. We also recommend that the University reconciles its grants and contracts accounts on a monthly basis and that these reconciliations are forwarded to the Controller's Office upon completion to allow for a timely financial statement close. Additionally, these monthly reconciliations should also include the evaluation of the aging of such receivables as this can further assist the University in detecting invalid receivables in a more timely fashion.
Views of responsible officials and planned corrective actions:	We will modify our procedures as well as existing controls over state appropriation to prevent duplicative recognition of revenues. We have adjusted the configuration within the respective Banner forms for state appropriated accounts created this year so that duplicate recognition will not take place. Older accounts will be modified as well to eliminate the duplication of revenue recognition.

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The Office of Grants and Contracts will prepare monthly reconciliation and submit a copy to Controller's Office on a timely basis. The collaborative effort with Controller's Office will address timely resolution of reconciling items and other issues affecting grants and contracts account balances.

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FINDING 2013-005

Criteria or specific requirement: A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: The University's dual employment ("Dual Employment") policies allows its employees in full-time equivalent positions to accept temporary, part-time employment of a consultative or technical nature within the University or with another South Carolina state agency. Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control associated Dual Employment.

Context: In testing a sample of employees that participated and were paid for dual employment during fiscal 2013, we noted the following:

- Per the University's policies, all Dual Employment Form P-12's are required to have the approval from the applicable department vice president, the Office of Human Resources Management, and the Vice President of Finance. In addition, if the dual employment expenditure was funded with federal dollars, the Form P-12 is also required to be approved by the Office of Sponsored Programs.
 - For 1 dual employment forms selected for testing that were paid with federal funds, the approval from the Office of Sponsored Programs was not obtained as required by the University's policies
 - For 9 dual employment forms selected for testing, one or more approval signatures were not obtained until subsequent to the start date of the dual employment specified on the Form P-12. For 15 dual employment forms selected for testing, one or more approval signatures were not dated on the Form P-12 as required.
- For the sample of dual employments selected, we selected pay period 24 for testing noting that 1 employee charged and was paid full dual employment during this pay period which included 6 holidays.
- For 1 of the dual employment samples, we noted that

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the employee's dual employment responsibilities mirrored that of the employee's primary job responsibilities, which not in compliance with the University's dual employment policies and procedures.

- Dual employment funded with federal dollars is required to be supported with after-the-fact certifications of the time work by the Office of Sponsored Programs. For 12 dual employment samples which were funded with federal funds, we noted that these certifications were not being completed consistently. Specifically, for each of these 12 dual employment samples, one or more of the following were noted as it pertains to the after-the-fact certifications:
 - Approval was not obtained within 7 days after month end of the period duties were performed
 - Approvals dates were not filled out on the certification form
 - Employee's position was not filled out on the certification form
 - Hire date was not filled out on the certification form
 - Percentage of time spent was not filled out on the certification form
 - Activity numbers was not filled on the certification form
 - Activity numbers filled out on the certification form did not match supporting documentation provided
 - Forms were not prepared for all pay periods in which dual employment was charged to the federal grant
- No time sheets were submitted for any of the samples selected for any pay periods (69 total pay periods were selected for testing) during fiscal 2013 to substantiate that the time was worked and that the work performed for dual employment purposes did not overlap with the employee's primary occupation.

Effect: Certain expenditures were not fully supported in accordance with the University's Dual Employment policies and procedures.

Cause: Insufficient internal controls and administrative oversight.

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Recommendation:

We recommend that the University design and implement internal controls in place to ensure that all Form P-12's are approved by the required personnel including approvals from the Office of Sponsored Programs if the time is charged to a federal or state grant; that all the approvals are obtained prior to the state date of the dual employment; that the approvals are dated as required by the Form P-12, that dual employment is not charged on University recognized holidays, that dual employment is only approved and paid for work that outside of the employee's primary job responsibilities, and that after-the-fact certifications are filled out completely, accurately and timely. Additionally, we recommend that the University design and implement internal controls that would require all dual employees to submit time sheets each pay period; that the time sheets would require the employee to state the specific hours of the day worked; that the time sheet includes all time worked on the employee's primary occupation as well as for dual employment; and that the time sheet is approved by the appropriate supervisor prior to the employee's wages being processed for payment.

Views of responsible officials and planned corrective actions:

Human Resources Staff currently reviews all dual employment forms when they are received. Forms are returned, along with an explanatory memorandum, to departments when they do not meet the guidelines for dual employment. We will monitor the forms closer to ensure that all required signatures and dates are on the forms. The dual employment policy states: "All dual employment situations must be approved by the appropriate Vice President (or applicable Division Head), Office of Human Resource Management and the Vice President of Finance prior to any service being rendered." We will send out an email reminding Managers and Directors to adhere to this section of the policy and submit dual employment request in a timely manner. While dual employment payment was paid during a holiday period, the time worked was not during the holidays. Effective immediately, we will send out a directive letting all employees receiving dual employment payment know that a timesheet is required.

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FINDING 2013-006

Criteria or specific requirement: A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control associated with the physical count of its capital assets.

Context: During our observation of the University's 2013 physical count of capital assets, we noted the following:

- For 2 samples, the custodians were not aware that the sampled capital assets were assigned to them.
- For 1 sample, the assigned custodian had not worked for the University for over 2 years.
- For 2 samples, the assets were determined to not be salvageable during the physical count. We noted that both of these samples were fully depreciated as of June 30, 2013 and thus had a net book value of \$0, however, they were included in the June 30, 2013 capital assets detail.
- For 2 samples, we noted that the items did not have a capital assets tag on them as required by the University's policies and procedures to easily identify and monitor its capital assets. We noted that 1 of these 2 samples was purchased in December 2004 and that it was still in its original packaging and did not appear to have ever been used.
- For 7 samples, we noted that the items did not have a red capital assets tag (which indicates that the asset was purchased with federal funds) on them as required by the University's policies and procedures to easily identify and monitor its federally purchased capital assets.
- For 1 sample, the asset was not located where it was specified on the capital assets detail. The asset was however found and identified by management during the physical count.
- The University does not have a strategic plan to conduct a physical count on a rotating basis to ensure that all capital assets are counted and reconciled to

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its capital asset financial records regularly.

Effect: The University's capital asset financial records were not accurate.

Cause: Insufficient internal controls and administrative oversight.

Recommendation: We recommend that the University enhance its internal controls over capital assets to include more controls that would prevent such issues from occurring (as opposed to detecting such matters after the fact). We also recommend that the University enhances its internal controls over the physical count to include a more thorough reconciliation that will ensure that unsalvageable items identified during the count are subsequently removed from the capital assets detail and that items that are purchased with federal funds are properly identified as such on the capital assets detail.

Views of responsible officials and planned corrective actions: Transfer from FRS fixed asset system to Banner fixed asset system was completely done in early part of 2011. Initial physical count was conducted by respective department head/custodian in 1st six months of 2011 and submitted copies to Property and Inventory Control Office. The new policies and procedures on property and inventory control were then drafted for implementation effective July 2011. Management hired new employee to fill the vacant position of Facilities and Fixed Assets Accountant in January 2012 to oversee the transition of the new system and implementation of the new policies and procedures. The new person together with the property and inventory control manager did a cycle count/verification of fixed asset in 1st six months of 2012. However, the new person was temporarily assigned in general accounting when general accountant resigned in July 2012. The Property and Inventory Control Manager (Supply Specialist II) continued the implementation of physical inventory cycle in 2013. The draft policies and procedures were updated in February 5, 2013. At present, the new policies and procedures were not yet formally approved by management and the Board due to organizational change for the last two years. In general, management has strategic plans to conduct a physical count on a rotating basis but not full swing due to resource limitation. The physical inventory count cycle in 2014 will start in February 1 to April 30, 2014.

We will remind the department heads as well as the custodians of equipment to follow the new policies and procedures especially when there is movement or transfer of accountability.

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We will investigate the item that was purchased in 2004 which is still in original package and has never been used.

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FINDING 2013-007

Criteria or specific requirement:	<i>A deficiency in internal control</i> exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A <i>significant deficiency</i> is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Condition:	Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control associated with the preparation of its schedule of expenditures of federal awards.
Context:	The University's expenditures of Federal Direct Loans were not reconciled to the appropriate reports from the Office of Student Financial Aid.
Effect:	The University's Federal Direct Loan expenditures fiscal year 2013 were erroneously overstated by approximately \$1.7 million and required adjusting prior to being issued.
Cause:	Insufficient internal controls and administrative oversight.
Recommendation:	We recommend that the University enhances its internal controls over the reporting of its Federal Direct Loans to ensure that the information needed to prepare the schedule of expenditures of federal awards can be easily obtained even when turnover experienced and that this information is reconciled to the schedule of expenditures of federal awards.
Views of responsible officials and planned corrective actions:	The Office of Financial Aid has started documenting the procedure used to reconcile all Federal Funds. We will use DL Tools and Banner to ensure monthly SAS reports provided by Common Origination and Disbursement ("COD") are used to balance Direct Loan funds between Banner Financial Aid, COD and an electronic spreadsheet will be shared with the Controllers' Office to balance to the general ledger. All Federal and State funds will be balanced on a Monthly basis per Federal Regulations.

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FINDING 2013-008

Criteria or specific requirement: A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control associated with information system extractions and compilation of financial statements.

Context: Certain system financial information data, including general ledger account details and journal entries, could not be easily extracted in a useable format from Banner by the University. The root causes of this issue appeared to be a combination of Banner limitations, Banner not being configured upon installation to meet the financial reporting needs of the University, the University not fully using Banner resources (modules, upgrades, help desk, etc.), and various staff (including IT) at the University not having been properly trained to utilize Banner and Banner's database to its fullest capability. Additionally, we noted that Banner was not functioning or operable for several days during the University's yearend financial statement close. Furthermore, we noted that the University purchased ARGOS, a supplementary financial reporting system purchased several years ago to facilitate financial reporting; however key University departments/personnel, including the Controller's Office, were not provided with the appropriately level of technical support (i.e. building of data block) to effectively utilize ARGOS in the University's financial reporting process.

Additionally, though it is not uncommon for universities to utilize Excel to facilitate the preparation of financial statements, we noted that the University is excessively dependent on Excel to compile the financial statements primarily due to the Banner extraction issues summarized above. The University's procedures to prepare the yearend financial statements includes running various queries to download general ledger data from Banner, importing the downloaded information into Excel, using Excel filters and Excel formulas to clean up and sort the data, using Excel formulas to create new data fields that are needed to compile the financial statements, running pivot tables to summarize

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the information by individual financial statement accounts, and adjusting the individual financial statement accounts within Excel through a series of top side journal entries needed to convert the financial data to U.S. GAAP basis. We also noted there did not appear to be any formal internal controls to evidence that these documents were reviewed by someone other than the preparer.

Effect:

The combination of the Banner issues and the University not utilizing Argos to its fullest capacity contributed to the numerous delays experienced in the University's 2013 financial statement close process, the preparation of its 2013 financial statements, the preparation of its 2013 schedule of expenditures of federal awards, and the compilation of various populations needed for the 2013 audits of the University. The University is also highly dependent on Excel, Excel functions, and manual inputs in compiling its financial statements increasing its risk for a misstatement. Additionally, there is inadequate segregation of duties surrounding the preparation and detailed review of the compilation of the financial statements further increasing the University's risk for a misstatement.

Cause:

Insufficient internal controls and administrative oversight.

Recommendation:

We recommend that the University work directly with Banner representatives to create efficiencies, utilize Banner to its fullest capabilities and to better extract the financial information needed to prepare the financial statements and its audits. Additionally, we recommend that the University expands its training programs to require that all employees that need to use Banner and ARGOS have been properly trained and that adequate technical support is provided to all departments/personnel that utilize these systems. Furthermore, we recommend that the University enhance its financial statement preparation process to reduce its reliance on Excel and to create proper segregation of duties in the compilation of the information and calculations utilized in preparing the financial statements of the University.

Views of responsible officials and planned corrective actions:

We agreed to implement the recommendation. Controller's Office is now working with a consultant to help use ARGOS as a tool in financial reporting.

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FINDING 2013-009

Criteria or specific requirement: A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: Through our audit procedures over the University's 2013 financial statements, we identified a significant deficiency in internal control associated the limited department resources.

Context: During the course of our audit procedures, we noted that certain offices (Finance, Student Financial Aid, Grants and Contracts, etc.) appeared to be under staffed as a result of retirements, resignations, terminations, and cross-department job placements. Though our key audit contacts appeared to work longer hours to compensate for the understaffing, the limited department resources ultimately contributed to the numerous delays experienced in the University's 2013 financial statement close process, the preparation of its 2013 financial statements, the preparation of its 2013 schedule of expenditures of federal awards, and the compilation of various supporting documentation needed for the 2013 audits of the University.

Additionally, during our procedures over Student Financial Aid, we noted that the Director of Student Financial Aid left the University. The University did not appear to have a transition plan in place for the loss of this key employee and thus other Student Financial Aid personnel did not appear to be adequately cross trained to assume the former Director of Student Financial Aid's responsibilities while the University searched for a qualified replacement. This contributed the schedule of expenditures of federal awards finding discussed above.

Effect: Audit adjustments were identified. Additionally, there were significant delays in the preparation of the financial statements and the schedule of expenditures of federal awards.

Cause: Insufficient internal controls and administrative oversight.

Recommendation: We recommend that the University evaluates its resource needs to ensure that each of its offices is adequately staffed

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to meet the objectives of each of those offices. Additionally, to ensure that a loss of a key employee does not have a significant operational impact, we recommend that the University cross trains its employees so that all significant responsibilities are covered in the case of transition of a key employee.

Views of responsible officials and planned corrective actions:

We will request that each Directors/Managers document the policies and procedures for their respective business processes. Also, that they consolidate these documents into one user manual that will be available to all staff members. Revisions to the users' manual should be made as needed to ensure the manual is current at all times. Communicate significant changes to all affected personnel immediately to ensure they are aware of any revisions to their daily duties and responsibilities. Therefore, in the event that there are changes in personnel (i.e. new employees are hired, promotions granted, resignations, etc.), documented policies and procedures will facilitate training and provide guidelines for the respective positions. Furthermore, the University is actively searching for qualified individuals to fill certain key positions with vacancies and hired a new Director of Student Financial Aid prior to the conclusion of the 2013 calendar year.

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Part III—Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity.

FINDING 2013-010

Federal Program Information: Student Financial Assistance Cluster (various CFDA #'s)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): Special Tests and Provisions - Disbursements To or On Behalf of Students: If a student received financial aid while attending one or more other institutions, schools are required to request financial aid history using the National Student Loan Data System ("NSLDS") Student Transfer Monitoring Process. Under this process, a school informs NSLDS about its transfer students.

Condition: The University did not request financial aid history using the NSLDS Student Transfer Monitoring process for transfer students that received financial aid.

Questioned Costs: None.

Context: 33 of 33 students selected for transfer monitoring testing.

Effect: The University was not in compliance with the transfer monitoring compliance requirements.

Cause: Administrative oversight.

Recommendation: We recommend that the University enhances its processes over disbursements to transfer students.

Views of responsible officials and planned corrective actions: The Financial Aid office is submitting (in batch) all transfer students to NSLDS using transfer monitoring. This process is run at least once monthly, but at this time is being done more frequently. Students have a hold applied to their financial aid which prevents any aid payments to be made.

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FINDING 2013-011

Federal Program Information: Federal Direct Student Loans (CFDA#: 84.268) and Federal Perkins Loan Program (CFDA#: 84.038)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): Special Tests and Provisions - Disbursements To or On Behalf of Students: Institutions must notify the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution.

Condition: The University notified certain students or parents more than 30 days before crediting the student's account.

Questioned Costs: None.

Context: 16 of 25 students selected for testing.

Effect: The University was not in compliance with the Special Tests and Provisions of disbursements to or on behalf of students.

Cause: Administrative oversight.

Recommendation: We recommend that the University enhances its policies and procedures over the notification of student financial assistance to ensure that it is compliant with the requirements of Federal Direct Student Loans and Federal Perkins Loan Program.

Views of responsible officials and planned corrective actions: The Financial Aid Office is notifying borrowers of disbursements using an automated process in Banner to generate emails. These emails are being sent after the disbursement process is run.

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FINDING 2013-012

Federal Program Information:	Student Financial Assistance Cluster (various CFDA #'s)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Special Tests and Provisions - Verification: For students selected for verification, institutions are required to obtain acceptable documentation to verify the information required, matched information on the documentation to the student aid application, and, if necessary, submitted data corrections to the central processor and recalculated awards.
Condition:	Student's income tax, child support paid, or untaxed income per the University's verification worksheet did not match the amounts per the underlying documentation.
Questioned Costs:	Indeterminable.
Context:	6 of 25 students selected for verification testing.
Effect:	The University was not in compliance with the verification compliance requirements.
Cause:	Administrative oversight.
Recommendation:	We recommend that the University enhances its processes over verification of students.
Views of responsible officials and planned corrective actions:	The financial aid office will be utilizing Banner to process all verification processing. Follow up review will be implemented to ensure accuracy of data entry once the corrected ISIR has been received.

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

FINDING 2013-013

Federal Program Information:	Federal Direct Student Loans (CFDA#: 84.268) and Federal Perkins Loan Program (CFDA#: 84.038)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Special Tests and Provisions - Enrollment Reporting: The University is required to maintain effective internal controls over compliance with the requirements of Enrollment Reporting.
Condition:	The University has an internal control over compliance with the requirements of Enrollment Reporting to submit a file to NSLDS each month to report student status changes. The control did not operate effectively for 1 month tested.
Questioned Costs:	None.
Context:	1 of 12 months selected for testing.
Effect:	The University did not have effective internal controls over Enrollment Reporting.
Cause:	Insufficient internal controls over compliance and administrative oversight.
Recommendation:	We recommend that the University enhances its internal controls over Enrollment Reporting.
Views of responsible officials and planned corrective actions:	The Registrar's office will be reporting enrollment status ever 25 calendar day's to the National Student Clearing House.

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

FINDING 2013-014

Federal Program Information: Federal Direct Student Loans (CFDA#: 84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): Special Tests and Provisions - Disbursements to or On Behalf of Students: Institutions may not disburse or deliver the first installment of Direct Loans to first-year undergraduates who are first time borrowers until 30 days after the student's first day of classes.

Condition: The University disbursed funds to 2 first-year undergraduates who were first time borrowers before 30 days from students' first day of classes.

Questioned Costs: None.

Context: 2 of 25 students selected for testing.

Effect: The University was not in compliance with the Disbursements to or On Behalf of Students compliance requirements.

Cause: Administrative oversight.

Recommendation: We recommend that the University disburse funds in accordance with the time frames specified by the Disbursements to or On Behalf of Students compliance requirements.

Views of responsible officials and planned corrective actions: The Financial Aid Office will use Banner to disburse according to the time frames specified by the Department of Education. This is a setting in the system that will be turned on.

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

FINDING 2013-015

Federal Program Information:	Federal Pell Grant Program ("Pell") (CFDA#: 84.063)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Reporting - Financial Reporting: Institutions receiving Pell grants are required to maintain internal controls over the reporting of Pell payment data to the U.S. Department of Education through the Common Origination and Disbursement ("COD") System.
Condition:	One of the University's internal controls over Pell grants is to submit Pell origination files in a batch weekly as awards are made and disbursed. For 1 week, this internal control was not operating effectively.
Questioned Costs:	None.
Context:	1 of 8 weeks selected for testing.
Effect:	The University's internal control over Pell reporting was not operating effectively.
Cause:	Insufficient internal controls over compliance and administrative oversight.
Recommendation:	We recommend that the University enhance its internal controls over Pell reporting.
Views of responsible officials and planned corrective actions:	The Financial Aid Office will enhance documented internal controls to match our Pell Grant origination processing schedule. The Originations are sent at least once per month, but are done more frequently as time permits and disbursements are made.

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Year Ended June 30, 2013

FINDING 2013-016

Federal Program Information:	Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205), Environment Remediation and Waste Processing and Disposal (CFDA #81.104), Research & Development Cluster (CFDA #Various), and Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	Equipment and Real Property Management: Institutions that expend federal funds on equipment are required to conduct a physical inventory of the equipment at least once every 2 years and reconcile results of the count to the equipment records.
Condition:	The University did not conduct a full physical inventory of all equipment purchased with federal funds as required.
Questioned Costs:	None.
Context:	The University did not conduct the required physical inventory during the past two fiscal years.
Effect:	The University was not in compliance with the Equipment and Real Property Management compliance requirements.
Cause:	Insufficient internal controls over compliance and administrative oversight.
Recommendation:	We recommend that the University enhances its internal controls over Equipment and Real Property Management to ensure that a physical inventory of all equipment purchased with federal funds are counted at least once every 2 years.
Views of responsible officials and planned corrective actions:	Transfer from FRS fixed asset system to Banner fixed asset system was completely done in early part of 2011. Initial physical count was conducted by respective department head/custodian in 1st six months of 2011 and submitted copies to Property and Inventory Control Office. The new policies and procedures on property and inventory control were then drafted for implementation effective July 2011. Management hired new employee to fill the vacant position of Facilities and Fixed Assets Accountant in January 2012 to oversee the transition of the new system and implementation of the new policies and procedures. The new person together with the property and inventory control manager did a cycle count/verification of fixed asset in 1st six months of 2012. However, the new person was temporarily assigned in general accounting when general accountant resigned in July 2012.

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Year Ended June 30, 2013

The Property and Inventory Control Manager (Supply Specialist II) continued the implementation of physical inventory cycle in 2013. The draft policies and procedures were updated in February 5, 2013. At present, the new policies and procedures were not yet formally approved by management and the Board due to organizational change for the last two years. Overall, management has strategic plans to conduct a physical count on a rotating basis but not full swing due to resource limitation. The physical inventory count cycle in 2014 will start in February 3 to April 30, 2014.

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

FINDING 2013-017

Federal Program Information:	Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205), Environment Remediation and Waste Processing and Disposal (CFDA #81.104), Research & Development Cluster (CFDA #Various), and Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	The University is required to maintain internal controls over compliance related to the applicable provisions of Activities Allowed or Unallowed and Allowable Cost/Cost Principles. This includes internal controls over purchases of goods and services to ensure that only allowable expenditures are approved for processing and payment.
Condition:	The University did not properly approve 34 non-payroll related expenditures.
Questioned Costs:	None.
Context:	14 of 40 non-payroll related expenditures selected for testing for the Payments to 1890 Land-Grant Colleges and Tuskegee University program, 4 of 40 non-payroll related expenditures selected for testing for the Environment Remediation and Waste Processing and Disposal program, 12 of 40 non-payroll related expenditures selected for testing for the Research & Development Cluster, and 5 of 60 non-payroll related expenditures selected for testing for the Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)
Effect:	Certain goods and services expenditures funding by federal programs were not properly approved.
Cause:	Insufficient internal controls over compliance and administrative oversight.
Recommendation:	We recommend that the University enhances its internal controls over federal expenditures to ensure that they are properly approved before such expenditures are incurred.
Views of responsible officials and planned corrective actions:	The University will correct the deficiencies cited by developing and enhancing the processes and procedures. All transactions will be required to have the appropriate approvals to include both electronic and/or paper documents.

South Carolina State University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

FINDING 2013-018

Federal Program Information: Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205), Environment Remediation and Waste Processing and Disposal (CFDA #81.104), Research & Development Cluster (CFDA #Various), and Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): The University is required to maintain internal controls over compliance related to the applicable provisions of Activities Allowed or Unallowed and Allowable Cost/Cost Principles. This includes internal controls over payroll and related benefits charged to a federal program.

Condition: For certain payroll related expenditures selected for testing we noted one or more of the following instances: The amounts charged to the federal program could not be reconciled to approved salary documentation and/or after-the-fact certifications were either not completed or not appropriately approved in accordance with the University's policies and procedures.

Questioned Costs: Indeterminable.

Context: Approved Salary Documentation:

5 of 40 payroll related expenditures selected for testing for the Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205), 23 of 40 payroll related expenditures selected for testing for the Environment Remediation and Waste Processing and Disposal (CFDA #81.104), 21 of 40 payroll related expenditures selected for testing for the Research & Development Cluster (CFDA #Various), and 17 of 60 payroll related expenditures selected for testing for the Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)

After-the-Fact Certification:

12 of 40 payroll related expenditures selected for testing for the Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205), 10 of 40 payroll related expenditures selected for testing for the Environment Remediation and Waste Processing and Disposal (CFDA #81.104), and 10 of 40 payroll related expenditures selected for testing for the Research & Development Cluster (CFDA #Various)

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

Effect:	Certain salaries and benefits funded by federal programs were not processed adequately through the University's internal controls over federally funded payroll and payroll related expenditures.
Cause:	Insufficient internal controls over compliance and administrative oversight.
Recommendation:	We recommend that the University enhance its internal controls over payroll expenditures charged to federal programs.
Views of responsible officials and planned corrective actions:	The University will correct the deficiencies noted and ensure that the internal control policies over payroll and payroll related expenditures are fully implemented. We will evaluate the current process relative to the Banner System to ensure that full implementation of the Time and Effort Reporting, After-the-Fact Certifications reconcile back to the approved salary documentation. However, all salary and fringe calculations are computed via the Banner System.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

FINDING 2013-019

Federal Program Information: Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205) and Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): Cash Management - When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

Condition: For 2 transactions selected for cash management testing, the University requested reimbursement from the Federal Government prior paying for the underlying expenditure.

Questioned Costs: None.

Context: For 2 of 80 transactions selected for cash management testing.

Effect: The University was not compliant with the cash management requirements of the reimbursement basis method of funding.

Cause: Insufficient internal controls over compliance and administrative oversight.

Recommendation: We recommend that the University pays for all applicable program expenditures before reimbursement is requested from the Federal Government. To assist with being compliant with these requirements, we also recommend that each draw down request from the Federal Government is supported with a detailed list of expenditures that have been incurred and paid.

Views of responsible officials and planned corrective actions: The University has already enhanced and enforced consistently the existing control mechanism to ensure that only paid invoices are billed to Federal Agency for reimbursement. Our VP Finance already issued a memo dated July 30, 2013 reminding all concerned to comply with cash management requirement. The Accounts Payable Department along with the Controller's Office and the Office of Grants and Contract has implemented a process to make certain the University pays all applicable program expenditures before reimbursement is requested. At month end, the Accounts Payable Department runs open invoice report, review for any invoices remaining against applicable federal funds and write checks for same. We will further verify why two invoices were included in the billing prior to paying the expenditures. As

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

preventive control, we will further enhance the control by reviewing the list of expenditures prior to final billing to ensure that only paid invoices are included in the billing.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

FINDING 2013-020

Federal Program Information: Payments to 1890 Land-Grant Colleges and Tuskegee University ("1890 Land-Grant") (CFDA #10.205)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): Cash Management - Funds drawn down for a federal program or are to be utilized for that specific federal program.

Condition: During our audit procedures over the cash management of the 1890 Land-Grant, we noted that Land-Grant and the related state matching funds are drawn down into one of the University's operating accounts. As of June 30, 2013, claims on cash for the 1890 Land Grant were greater than the total cash balance within this operating account. As a result, as of June 30, 2013, the University was effectively borrowing funds from the 1890 Land-Grant to fund operations.

Questioned Costs: Indeterminable.

Context: 1 of 1 year end balances tested.

Effect: The University was not compliant with the cash management compliance requirements.

Cause: Insufficient internal controls over compliance and administrative oversight.

Recommendation: We recommend that the University enhances its internal control over cash management of this 1890 Land-Grant. Additionally, the University should open a new bank account that is solely used to deposit and disburse 1890 Land-Grant funds.

Views of responsible officials and planned corrective actions: Cash for 1890 Funds was temporarily used to pay University payroll during the times when cash for Unrestricted Funds was low. On February 10, 2014, the University had already received a financial aid draw down of \$13.3M and that completely replenished the cash that was temporarily borrowed from the 1890 Funds. As of March 27, 2014, 1890 claim on cash amounted to \$6.3M while the actual bank balance as of March 27, 2014 was \$10.3M.

South Carolina State University
Summary Schedule of Prior Year Findings

Year Ended June 30, 2013

This section identifies the audit findings that were required to be reported in the prior year by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any prior year abuse findings involving federal awards that are material to a major program.

FINDING 2012-01

Type of finding: Financial statement finding.

Summary of prior year finding: The Vendor List represents the list of employees, third parties and other parties (collectively, the “Vendors”) that Banner recognizes as approved Vendors and thus allows purchase orders and payments to be processed for each of the Vendors. During our procedures over the University’s procurement process, we noted that the University did not appear to have formal internal controls over the Vendor List. It was noted that there were 69 users in Banner that had system access to add new vendors to the Vendor List and that there were approximately 18,500 vendors that were included on the Vendor List as of June 30, 2012. This was identified as significant deficiency in internal control over financial reporting.

Current year status: The number of users in Banner that had access to add new vendors decreased from 69 users in fiscal year 2012 down to 4 users in fiscal year 2013. However, the number of Vendors increased from approximately 18,500 in fiscal year 2012 to 19,550 in fiscal year 2013. As a result, finding 2013-001 was partially remediated during the year ended June 30, 2013 and the unremediated portion is part of Finding 2013-001.

Corrective action plan: The portion of this finding pertaining to the number of users with access to create new Vendors was remediated during fiscal year 2013. Refer to corrective action plan within Finding 2013-001 for management’s corrective action plan for the portion of this finding pertaining to the number of Vendors within Banner.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-02

Type of finding:	Financial statement finding.
Summary of prior year finding:	The Advancement Foundation and the R&D Foundation each met the definition of a component unit of the University. However, the Advancement Foundation was not discretely presented in the University's 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012 financial statements as required. Additionally, the R&D Foundation did not appear to have any activity until fiscal year 2013, however, it was not disclosed in the 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012 financial statements as being component unit of the University as required. This was identified as significant deficiency in internal control over financial reporting.
Current year status:	The Advancement Foundation did not provide 2013 financial statements to the University so that the University could discretely present it as required by accounting principles generally accepted in the United States of America. Additionally, the University initiated the dissolution of the R&D Foundation during fiscal year 2013 and became effective in August 2013. Given this information, this finding was not fully remediated as of June 30, 2013 and is part of Finding 2013-002.
Corrective action plan:	The portion of this finding pertaining to the R&D Foundation was effectively remediated as of August 2013. Refer to corrective action plan within Finding 2013-002 for management's corrective action plan for the portion of this finding pertaining to the Advancement Foundation.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-03

Type of finding:	Financial statement finding.
Summary of prior year finding:	Though the University had internal controls in place for the recognition of leave taken and reported by eligible employees, the University did not have a formal internal control in place to prevent or detect leave taken but not reported. As a result in University recognized the maximum amount of compensated absences payable for approximately 37.5% of eligible employees as of June 30, 2012. This was identified as significant deficiency in internal control over financial reporting.
Current year status:	This finding was not remediated during fiscal year 2013 and is part of Finding 2013-003.
Corrective action plan:	Refer to corrective action plan within Finding 2013-003 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-04

Type of finding:	Financial statement finding.
Summary of prior year finding:	During the 2012 audit of the University's grants and contracts, certain sample selections pertained to a state grant receivable that was not a valid receivable which resulted in an audit adjustment to reduce the grants and contracts receivable and related grant revenue as of and for the year ended June 30, 2012. This was identified as significant deficiency in internal control over financial reporting.
Current year status:	This finding was not fully remediated during fiscal year 2013 and is part of Finding 2013-004.
Corrective action plan:	Refer to corrective action plan within Finding 2013-004 for management's corrective action plan.

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-05

Type of finding:	Financial statement finding.
Summary of prior year finding:	The University did not have proper internal controls over its Dual Employment program to ensure that expenditures incurred under this program are processed and supported in accordance with the University's policies and procedures. This was identified as significant deficiency in internal control over financial reporting.
Current year status:	This finding was not remediated during fiscal year 2013 and is part of Finding 2013-005.
Corrective action plan:	Refer to corrective action plan within Finding 2013-005 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-06

Type of finding:	Financial statement finding.
Summary of prior year finding:	Certain journal entries that were approved by the University's former Vice President of Finance were not fully supported with adequate documentation. This was identified as significant deficiency in internal control over financial reporting.
Current year status:	No similar finding was noted during the 2013 audit.
Corrective action plan:	As there was no similar finding was noted during the 2013 audit, a corrective action plan is not applicable.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-07

Type of finding:	Federal awards finding.
Federal program:	Federal Direct Student Loans (CFDA #84.268)
Summary of prior year finding:	The changes in status of 2 students selected for testing were not reported to the lender or the guaranty agency within the required time frames by the University. This was identified as a compliance finding over Special Tests and Provisions of enrollment reporting.
Current year status:	No similar finding was noted during the 2013 audit.
Corrective action plan:	As there was no similar finding was noted during the 2013 audit, a corrective action plan is not applicable.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-08

Type of finding:	Federal awards finding.
Federal program:	Student Financial Assistance Cluster (various CFDA #'s)
Summary of prior year finding:	The University disbursed Title IV aid to 19 students selected for testing prior to informing the National Student Loan Database System of the transfer students. This was identified as a compliance finding over Special Tests and Provisions of disbursements to or on behalf of students.
Current year status:	This finding was not fully remediated during fiscal year 2013 and is part of Finding 2013-010.
Corrective action plan:	Refer to corrective action plan within Finding 2013-010 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-09

Type of finding:	Federal awards finding.
Federal program:	Federal Direct Student Loans (CFDA #84.268)
Summary of prior year finding:	The University did not reconcile the School Account Statement data files to its financial records as required. This was identified as a compliance finding over Special Tests and Provisions of borrower data transmission and reconciliation.
Current year status:	No similar finding was noted during the 2013 audit.
Corrective action plan:	As there was no similar finding was noted during the 2013 audit, a corrective action plan is not applicable.

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Summary Schedule of Prior Year Findings
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FINDING 2012-10

Type of finding:	Federal awards finding.
Federal program:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Summary of prior year finding:	The University's Office of Sponsored Programs did not properly approve grant purchase requisitions for 8 expenditures selected for testing. This was identified as a significant deficiency in internal control over the compliance finding over the applicable provisions of Activities Allowed or Unallowed and Allowable Cost/Cost Principles compliance requirements.
Current year status:	This finding was not remediated during fiscal year 2013 and is part of Finding 2013-017.
Corrective action plan:	Refer to corrective action plan within Finding 2013-017 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-11

Type of finding:	Federal awards finding.
Federal program:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Summary of prior year finding:	The time and effort worksheets for 4 employees selected for testing were approved prior to the end of the period and thus after-the-fact confirmation was not obtained. Additionally, 1 of the expenditures selected for testing included salaries and benefits charged to the federal program by a non-University state employee and for the period selected for testing, there was no corresponding supporting documentation for the time and effort charged to the program. This was identified as a significant deficiency in internal control over the applicable provisions of Activities Allowed or Unallowed and Allowable Cost/Cost Principles compliance requirements.
Current year status:	This finding was not remediated during fiscal year 2013 and is part of Finding 2013-018.
Corrective action plan:	Refer to corrective action plan within Finding 2013-018 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-12

Type of finding:	Federal awards finding.
Federal program:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Summary of prior year finding:	The University's Title III Program is funded on a reimbursement basis. For 5 transactions selected for cash management testing, the University requested reimbursement from the Federal Government prior to paying for the underlying expenditure. This was identified as a significant deficiency in internal control over the applicable provisions of the Cash Management compliance requirement.
Current year status:	This finding was not remediated during fiscal year 2013 and is part of Finding 2013-019.
Corrective action plan:	Refer to corrective action plan within Finding 2013-019 for management's corrective action plan.

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Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

FINDING 2012-13

Type of finding:	Federal awards finding.
Federal program:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Summary of prior year finding:	For one of the expenditures selected for testing, the only supporting documentation available consisted of a journal entry that reversed out \$100,000 of information technology expenditures out of non-Federal funding of services and into the Title III Program. Based on the limited supporting documentation that was attached to this journal entry, it appeared that the University supplanted \$100,000 non-Federal funding of services with Title III Program funds. This was identified as a significant deficiency in internal control over the applicable provisions of the Level of Effort compliance requirement and consisted of \$100,000 in questioned costs.
Current year status:	No similar finding was noted during the 2013 audit.
Corrective action plan:	As there was no similar finding was noted during the 2013 audit, a corrective action plan is not applicable.

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Summary Schedule of Prior Year Findings
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FINDING 2012-14

Type of finding:	Federal awards finding.
Federal program:	Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031B)
Summary of prior year finding:	The University did not submit its cost accounting practices through the required filing of a Disclosure Statement. This was identified as a significant deficiency in internal control over the applicable provisions of the Allowable Cost/Cost Principles compliance requirement.
Current year status:	No similar finding was noted during the 2013 audit.
Corrective action plan:	As there was no similar finding was noted during the 2013 audit, a corrective action plan is not applicable.